DOCUMENT RESUME

ED 200 563 SP 017 853

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TITLE Teacher Retirement Systems: Summary of the 1977 Survey.
INSTITUTION National Education Association, Washington, D.C. Research Div.
PUB DATE 79
NOTE 28p.
AVAILABLE FROM NEA Distribution Center, Academic Building, Saw Mill Road, West Haven, Connecticut, 06516 ($0.65)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Death; Eligibility; Personnel Policy; *Retirement Benefits; *Teacher Associations; *Teacher Employment Benefits; *Teacher Retirement

ABSTRACT

This report presents basic data collected from 68 retirement systems on major legal provisions of state and local retirement systems to which teachers belong. The overview contains information on: (1) membership in state and local systems; (2) creditable service eligibility from prior service, military service, in-state nonteaching service, and out-of-state teaching and nonteaching service; (3) withdrawals and refunds; (4) retirement formulas and benefit formulas; (5) disabilty benefits; (6) post-retirement benefit adjustments; (7) work restrictions after retirement; (8) death benefits before and after retirement; (9) survival benefits; (10) administration and financing of system benefits; and (11) Social Security coverage. Selected statistical data on patterns of employer contributions in the state systems are also presented. (FG)

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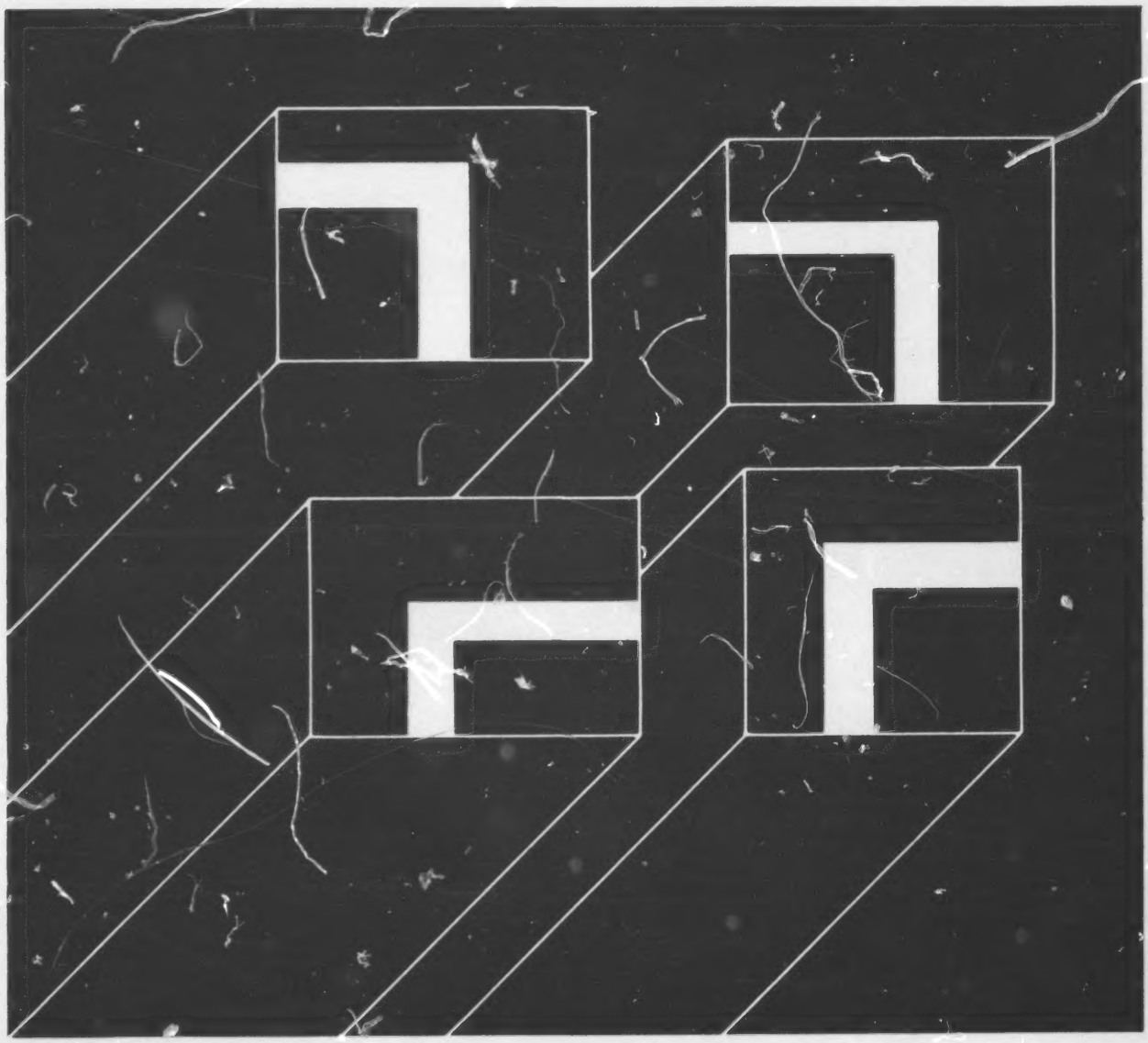

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Teacher Retirement Systems:

Summary of the 1977 Survey

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TEACHER RETIREMENT SYSTEMS: SUMMARY OF THE 1977 SURVEY

Retirement Memo 1979-1

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FOREWORD

Teacher Retirement Systems. Summary of the 1977 Survey presents basic data on the major legal provisions of state and local retirement systems to which teachers belong. This overview highlights laws under which retirement systems operate and provides information on financing, administration, Social Security, and selected statistical data.

The survey, designed by NEA Research, was completed by retirement system administrators and verified by state and local education associations. NEA Research is indebted to the retirement administrators and the education associations for their cooperation in providing the information necessary for the completion of this report.

The survey summary was prepared by Sharon M. Vernier. Byron L. Spice was instrumental in the development of the survey design, and Nancy Chow assisted with the computer operations.

May 1979

FRANK W. KOVACS
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TEACHER RETIREMENT SYSTEMS: SUMMARY OF THE 1977 SURVEY

The National Education Association has maintained a collection of data dating back to 1930 concerning retirement systems to which teachers belong. NEA Research surveyed the membership and financial operation of teacher retirement systems every five years from 1932 to 1951. In 1951 the surveys were expanded to include additional provision information for the preparation of a handbook that would highlight statutes and statistics used in securing retirement system improvements. *Teacher Retirement Systems*, a summary of the legal provisions, was prepared with biennial revisions from 1955 to 1975.

In 1977 NEA Research designed a national survey of administrators in 50 statewide retirement systems, Puerto Rico, and 17 local retirement systems. The survey data were computerized and a printout provided to retirement system administrators and education associations. This format was adopted to facilitate the semi-annual updating of information to provide system comparisons of the frequent changes in statutes governing retirement systems.

This Research Memo summarizes the statistical data from responses to the 1977 national retirement system survey.

Membership

Membership is compulsory in all state and local retirement systems. Twenty-eight systems (23 state, five local) report the availability of a separate system for higher education employees, who have the option of joining the Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF).

State and local retirement systems to which teachers belong are authorized and operated under state statute or local ordinance. As early as 1895 California passed enabling legislation to permit the organization of local retirement and annuity associations, and in the same year Chicago established the Public School Teachers' Pension and Retirement Fund. After the establishment of retirement systems, subsequent nationwide legislative sessions led to substantial revisions and major amendments to improve provisions in all teacher retirement systems.

There are three types of statewide retirement systems:

- Statewide teachers' systems, including Puerto Rico, composed exclusively of professional educators
- Statewide education employees' systems composed of teachers and nonprofessional school employees
- Statewide public employees' systems composed of teachers and other public employees.

The local systems may also be classified in the above three categories, but for the purposes of this survey they are identified only as local teachers' systems.

TABLE 1.–STATE AND LOCAL RETIREMENT SYSTEMS TO WHICH TEACHERS BELONG

Type of system	Total	With Social Security	Without Social Security
1	2	3	4
1. *Statewide retirement systems*			
Teachers systems	21[a]	13	8[a]
Education employees systems	10	9	1
Public employees systems	20	17	3
2. *Local retirement systems*	17	11	6
TOTAL	68	50	18

[a] Includes Puerto Rico

Membership in statewide retirement systems to which teachers belong numbered 5,616,913 in 1977. Local retirement systems to which teachers belong report a membership of 261,567. Combined membership for state and local retirement systems totals 5,878,480. Texas has the largest system (a statewide teachers' system, with 493,373 members); Memphis, Tennessee, has the smallest system (a local system, with only 126 members).

The survey questionnaire listed various categories of membership [vested contributing members, vested noncontributing teacher members, nonvested contributing teacher members, nonvested noncontributing members, retired teacher members, total teacher members] in an attempt to identify teachers and nonteachers. Reported totals in these categories were incomplete and do not allow for statistical comparisons.

Creditable Service

Creditable service is that service used to compute a member's retirement benefit received under the plan. Creditable service may be available to members from provisions relating to prior service, military service, in-state and out-of-state service, specific absences or leaves, and overseas dependents school service.

- *Prior service credit* is the period of creditable service rendered by a member before the effective date of the retirement plan. Such service is creditable in 79 percent (45 state and nine local) of the plans and is not creditable in 19 percent (six state and seven local) of reporting systems. St. Paul, Minnesota, did not respond.
- *Military service credit* is available under varying conditions in all systems except Arizona, with 81 percent reporting credit if the member's teaching service is interrupted by military duty or a national emergency. In 24 systems the credit is free; in 10 systems the member contributes toward the purchase of this credit; and in 17 systems the member and the employer share in the purchase of this credit. In three systems (Kansas, New Hampshire, New York) military service credit is free to members under certain conditions and under other circumstances it may be purchased by the members. The maximum number of years of

TABLE 2.–NUMBER OF RETIREMENT SYSTEMS BY YEARS OF OUT-OF-STATE SERVICE CREDIT ALLOWED

Maximum years of out-of-state service credit	Total	Statewide retirement systems			Local retirement systems
		Teachers	Education employees	Public employees	
1	2	3	4	5	6
None	22	2	1	12	7
2 years	1	...	1	...	...
5 years	8	3	3	1	1
8 years	2	1	...	...	1
9 years	2	...	...	1	1
10 years	22	12	2	3	5
12 years	1	...	1	...	...
15 years	1	...	1	...	...
Unlimited	3	...	...	2	1
Varies	2	1[a]	1	...	...
Not reported	4	2	...	1	1
TOTAL	68	21[a]	10	20	17

[a] Includes Puerto Rico.

military service credit that can be purchased varies from two to eight years.

- *In-state service credit* is available for in-state employment other than teaching in 71 percent of all surveyed systems (42 state and six local). Of the systems reporting availability of in-state service credit, 8 percent credit state public employees service; 56 percent credit state and local municipal public employees service; 17 percent credit state and local municipal public employees and other service; 13 percent credit state public employees and other service; 6 percent credit other service; and the District of Columbia reports in-state employment is creditable but does not indicate the type of creditable service.
- *Out-of-state teaching service credit* is provided in 46 systems (68 percent). Alaska provided for the purchase of 10 years of out-of-state teaching credit until July 1, 1978; but after that date, new members of the system may not purchase such credit. The availability of out-of-state teaching credit is provided as follows:

	Systems
Available only with states that reciprocate	3
Available in all states, territories, and U.S. possessions; includes Alaska before 7/1/78	12
Available in all states, territories, and U.S. possessions; may not exceed in-state credit	10
Available in all states, territories, and U.S. possessions; may not exceed in-state credit; and other provisions	5
Available in all states, territories, and U.S. possessions; and other provisions	7
Out-of-state credit may not exceed in-state credit	2
Other provisions	7
TOTAL	46

- *Out-of-state, nonteaching service credit* is provided by 12 systems (18 percent). One system allows credit for state public employees service; five systems allow credit for state, local, or municipal public employees and other service; and both Michigan and Montana report provision for other service credit.

Twenty-two systems (32 percent) do not provide for the purchase of out-of-state service credit, and the same number of systems provide for the purchase of 10 years of such credit.

Of the 40 systems that responded to a query on the method used to determine the amount the member must contribute toward the purchase of out-of-state credit, 70 percent indicate that the amount the member must pay is based on the member's salary plus interest. In 23 percent the amount is based on the member's and employer's shares plus interest; in 3 percent, on the member's and employer's shares; in 3 percent, on a varied basis; and in 3 percent, the employer pays the entire cost. Six systems did not respond.

Member contributions are based on the member's salary at entrance date in 40 percent of the systems, at the date of purchase in 28 percent of the systems, at retirement in 7 percent of the systems, and at other unspecified dates in 26 percent of the reporting systems.

TABLE 3.–PROVISION FOR OUT-OF-STATE SERVICE CREDIT IN STATE AND LOCAL RETIREMENT SYSTEMS TO WHICH TEACHERS BELONG

Type of system	Total	With provision for out-of-state service credit	Without provision for out-of-state service credit
1	2	3	4
Statewide retirement systems			
Teachers systems	21[a]	19[a]	2
Education employees systems	10	9	1
Public employees systems	20	8	12
Local retirement systems	17	10	7
TOTAL	68	46	22

[a] Includes Puerto Rico.

- *Specific absences or leaves* are creditable if the member makes a contribution for such leave in 49 systems (72 percent). St. Louis, Missouri, did not respond. In the states providing for the purchase of such credit, including sabbatical leaves and exchange teaching, the maximum amount of time allowable for repurchase is as follows:

Time limit	Systems
No time limit	6
2-month maximum	1
10-month maximum	1
12-month maximum	9
24-month maximum	10
36-month maximum	2
48-month maximum	1
60-month maximum	3
72-month maximum	1
No indication of maximum	15
TOTAL	49

Ten systems fall at the modal response of the 24-month maximum.

- *Overseas dependents school service* is creditable in 29 systems (43 percent) and is not available in 36 systems (53 percent). Three systems did not respond.

Withdrawals and Refunds

When members cease teaching, retirement systems have provisions for the withdrawal and refund of members' contributions. Fifty systems (74 percent) provide for the refund of members' contributions plus interest; 12 systems (18 percent) refund only the members' contributions; and five systems (7 percent) make refunds in another manner. One system did not respond.

Ten systems did not indicate the amount of interest refunded to members. The amount of interest varies in one system, and the interest is provided in other systems in the following amounts:

Interest	Systems
2.0%	2
2.5	2
3.0	4
3.5	1
4.0	10
4.5	3
4.8	1
5.0	8
5.5	5
6.1	1
6.5	1
7.0	1
TOTAL	39

California is the only system reporting a service charge on refunds. All other systems (except West Virginia, which did not respond) report no service charge for the refund of members' contributions.

In 59 systems (87 percent), members may repurchase withdrawn credits. Eight systems (12 percent) do not provide for the repurchase of withdrawn credits. New York did not respond.

In five systems, members may repay only withdrawn amounts; in 49 systems, members repay the amount withdrawn plus interest; in four systems, members repay the amount withdrawn and other amounts; and one system reports the repayment of other amounts.

Where the repurchase of withdrawn credits is allowed, the method of repayment is as a lump sum at the time of repurchase in 21 systems (31 percent); prior to retirement in 11 systems (16 percent); within a specific time frame in eight systems (12 percent); a combination of the above methods in 15 systems (22 percent); and five systems (7 percent) use another method. The number of systems not responding to this question (eight) corresponds to the number of systems without a repurchase provision.

Provisions for Member Borrowing

Ninety-three percent of the surveyed systems do not have a provision for member borrowing. The five systems that do provide for member borrowing are New Jersey, New York, West Virginia, Puerto Rico, and New York City.

Vesting and Deferred Allowances

Vesting may be functional or legal. *Functional vesting* refers to a provision whereby a member's right in the prescribed retirement benefit becomes effective after a specified period of service, notwithstanding that separation from service occurred prior to the prescribed age for retirement. Member rights become available in the form of a deferred annuity payable upon attainment of a specified retirement age. *Legal vesting* constitutes a member's undeniable guaranteed right to earned and accrued pension expectancies provided from both the member's and employer's contributions under a retirement system.

The age at which deferred allowances are vested varies and is based on length of service in two systems. In 62 systems the age ranges from 43 to 65. Four systems did not respond.

In 53 systems service is creditable for deferred allowances under certain conditions. Fifteen systems do not provide such credit. Creditable service is allowed for deferred allowances under the following conditions:

	Systems
Approved leave and military service	1
Membership service credit	8
Military service credit	1
Approved leave, membership service credit, and military service credit	19
Approved leave, membership service credit, military service credit, and other	9
Membership service credit and military service	8
Membership service credit, military service and other	4
Military service credit and other	1
Other	2
TOTAL	53

TABLE 4.–SUMMARY OF VESTING PROVISIONS

Vesting	Total	Statewide retirement systems			Local retirement systems
		Teachers	Education employees	Public employees	
1	2	3	4	5	6
1. *Years of service*					
Immediate	1	1	...	...	...
4 years	3	...	...	3	...
5 years	18	3	4	8	3
7 years	1	...	...	...	1
10 years	21	10[a]	4	4	3
15 years	7	1	1	2	3
20 years	3	2	1	...	...
25 years	1	...	...	...	1
30 years	3	3	...	...	...
2. *Age and years of service*					
Age 40 and 5 years of service	1	...	...	...	1
Age 45 and 10 years of service	1	...	...	...	1
Age 50 and 4 years of service	1	...	...	1	...
Age 55 and 10 years of service	1	...	...	...	1
Age 60 and 10 years of service	2	...	...	2	...
Age 62 and 5 years of service	1	...	...	...	1
Age 65 and 10 years of service	1	1	...	...	...
3. Not reporting	2	...	...	...	2
TOTAL	68	21[a]	10	20	17

[a] Includes Puerto Rico.

Retirement Requirements and Benefit Formulas

Normal retirement is the date on which annuities normally mature and is fixed primarily in connection with the plan of financing annuities. In retirement systems to which teachers belong, normal retirement may be (1) at a specified age, (2) at a specified age and with a certain number of years of credited service, or (3) after a certain number of years of credited service. Age 60 is the most common normal retirement requirement.

Retirement systems calculate normal retirement allowances by different methods. The most common is a fixed formula that provides retirement benefits in a definite amount or at a fixed percentage of salary, i.e., $100 per month or 2 percent of final average salary per year of service.

The same factors are used in sliding-scale formulas, i.e., 1 percent of the first $4,800 times years of service plus 2 percent for excess final average salary above $4,800 times years of service.

Benefits may also be calculated by a two-part formula. One part is an annuity determined by the length of service, salary, percent of salary contributed, and accumulated interest. The second part of the formula is a pension, which consists of a percentage of the member's final average salary plus years of service.

Money purchase plans are retirement benefits that are computed so that the aggregate contributions of the employee and employer will accumulate at compound interest and produce the promised benefit according to applicable actuarial tables.

Variable annuities are derived in whole or in part from amounts invested in common stocks or other equity-type investments. Payments on a variable annuity vary from year to year, depending on the market value of the equity investments and the amount of dividends received on such investments.

Forty-six retirement systems (68 percent) provide normal retirement at age 60 or earlier. *Normal retirement requirements* are as follows:

Age	Years of service	Systems
Any age	20	2
Any age	25	1
Any age	30	4
Any age	35	1
50	15	1
50	20	1
55	Any number	3
55	2	1
55	5	1
55	8	1
55	10	1
55	20	1
55	30	4
60	Any number	7
60	4	1
60	5	5
60	10	5
60	15	2
60	20	1
60	25	1
60	30	1
60	35	1
62	Any number	1
62	1	1
62	10	2
65	Any number	8
65	1	1
65	4	1
65	5	6
65	10	2
	TOTAL	68

In 25 systems, final average salary is defined as the highest consecutive number of years of credit; in 15 systems, the highest number of years of credit in the last stipulated number of years of service; in 21 systems, the highest number of years of nonconsecutive service; in two systems, the highest number of years not to exceed a dollar amount; in two systems, career coverage. Three systems (Illinois, New Mexico, New York City) define final average salary in a different manner.

Where the highest consecutive number of years of credit is specified, one system uses two years, 11 systems use three years, one system uses four years, 11 systems use five years, and one system uses 10 years. Where the highest number of years in the last stipulated number of years is specified, five systems use the highest three years in the last 10 years, eight systems use the highest five years in the last 10 years, one system uses the highest five years in the last 15 years, and one system uses the highest four years in the last 10 years. Where the highest number of years of nonconsecutive service is allowed, 14 systems use the highest three years, and seven systems use the highest five years.

In 42 systems no maximum retirement benefit is payable. In 16 systems (24 percent) the maximum retirement benefit is a specified percent of final average salary. In six systems the maximum retirement benefit is calculated as a maximum number of years of service; four systems use another method of maximum benefit calculation.

Early retirement is retirement at an earlier age than the specified normal retirement age. Sixty-three systems provide early retirement benefits. Five states (Nevada, New Mexico, New York, North Dakota, Oklahoma) did not respond. *Early retirement provisions* are as follows:

Age	Years of service	Systems
Any age	10	1
Any age	20	3
Any age	25	6
Any age	30	7
Any age	35	1
50	4	1
50	7	1
50	8	1
50	15	1
50	20	2
55	Any number	5
55	5	5
55	8	1
55	10	5
55	15	2
55	20	3
55	25	6
55	30	4
56	25	1
60	Any number	2
60	5	2
60	10	2
60	20	1
	TOTAL	63

The benefit formula for early retirement is the same as the formula for normal retirement in 10 systems (15 percent). In 85 percent of the surveyed systems a different calculation of early retirement benefits is used. Seventeen systems provide for an actuarial reduction based on age at retirement, and 24 systems provide for a certain percent per month reduction for each month under normal retirement age.

Disability Benefits

Sixty-six systems (97 percent) provide permanent disability benefits to members: 3 percent provide immediate benefits; 3 percent provide benefits after three years of service; 3 percent provide benefits after 15 years of service; 32 percent provide benefits after five years of service; and 32 percent provide benefits after 10 years of service. Seventeen percent provide such benefits in conjunction with age and years of service; and 9 percent provide benefits but did not specify when members become eligible for the benefits. Two systems (Arizona, Iowa) do not have permanent disability benefit provisions.

Disability benefits are determined by a retirement board in 35 percent of the retirement systems, by medical staff in 18 percent, by outside doctors in 16 percent, and by a combination of the above in 28 percent.

Only 6 percent of the retirement systems (three state, one local) have disability benefits paid by insurance. In 90 percent of the systems benefits are not paid by insurance. Arizona and Iowa do not provide this benefit; and Knoxville, Tennessee, did not respond.

The disability benefit formula in 28 percent of all systems is the normal retirement benefit used without a ceiling or floor; 24 percent use a normal retirement benefit with a ceiling or floor on the amount; 4 percent use a fixed dollar amount; and 40 percent use another method of benefit calculation. Arizona and Iowa do not provide this benefit; and St. Louis, Missouri, did not respond.

Fifty-four retirement systems provide disability benefits at any age. One system provides the benefit at any age allowing for creditable service the member would have accumulated to age 65; seven systems provide the benefit under age 60 allowing for creditable service the member would have accumulated to age 60; one system provides the benefit under age 60 allowing for creditable service the member would have accumulated to age 62; one system provides the benefit under age 60

allowing for creditable service the member would have accumulated to age 65; and four systems provide the benefit under age 65 allowing creditable service the member would have accumulated to age 65.

The amount of disability is not integrated with Social Security in 54 systems (80 percent). Four systems integrate disability benefits with Social Security only; five systems integrate disability benefits with Social Security and other benefits; two systems integrate disability benefits with insurance; and three systems integrate disability benefits with other benefits. Arizona and Iowa do not have disability benefit provisions, but Social Security is available to members of both systems.

Twenty-one systems (31 percent) have a special provision for service-connected disabilities. Forty-five systems (67 percent) have no special service-connected disability benefit provision. Two systems did not respond.

Sixty systems (88 percent) have no special provision for temporary disability. The five systems (7 percent) with temporary disability provisions are Illinois, Indiana, Texas, Washington, and Portland, Oregon. Three systems did not respond.

In eight systems (12 percent) the temporary disability benefit is equal to the permanent disability benefit provision. One system provides temporary benefits greater than the benefit for permanent disability, and two systems provide temporary disability benefits less than the benefit for permanent disability. Fifty-seven systems did not respond.

Eight systems limit the time within which a temporary disability benefit is payable. One system has a 24-month period; three systems set no limit; one system has a limit of 25 percent of the member's credit at the time the benefit is granted; one system limits the temporary disability payment to age 65, recovery, retirement, or termination of membership, whichever comes first; and one system has a limit based on a medical determination.

Automatic cost-of-living increases are available to members on disability retirement in 37 systems (54 percent) but are not available in 28 systems (41 percent). Three systems did not respond.

All systems were queried on how many members applied for disability retirement during the past 11 years and how many disability retirements were granted during the same period. Only 10 systems maintain complete records of both applicants and retirants. Twenty-four systems did not respond, and 34 systems maintain incomplete records. In the 10 systems with complete data, 14,989 members applied for disability retirement, and 11,495 applicants (77 percent) were granted disability retirement over an 11-year period.

Compulsory Retirement

In March 1978 the U.S. Congress passed amendments to the Age Discrimination in Employment Act of 1967 that raised the age at which workers could be involuntarily retired from 65 to 70. State and local jurisdictions must now comply with the federal law by amending compulsory retirement statutes and ordinances. However, the following synopsis indicates the situation at the time of the survey in 1977.

Compulsory retirement was not required in seven systems. Thirteen systems required retirement at age 65; 11 systems required retirement at age 70; one system required retirement at age 71; and one system required retirement at age 72. In 17 systems retirement is at the local employer's option, although not required by law. Sixteen systems have compulsory retirement based on a combination of these requirements.

Post-Retirement Adjustments

Thirty-five systems (51 percent) provide automatic post-retirement adjustments to members' benefits. Ten systems add a flat or fixed percent to the base benefit each year without its being contingent upon any other yardstick or condition; 16 systems add a flat or fixed percent to the base benefit if the consumer price index increases an amount equal to or greater than the flat or fixed percent adjustment; five systems have automatic increases equal to the increase in the consumer price index; one system provides that the increase is a fixed percent payable in the time frames exceeding one year; and Virginia has another method of benefit calculation.

Fifty-eight systems have granted at least one ad hoc post-retirement adjustment increase in the last 11 years. Ten systems have granted no increases.

Of the 58 systems that have granted increases, three have had an increase every year; one, in 10 of the last 11 years, six, in nine of the last 11 years; two, in eight of the last 11 years; four, in seven of the last 11 years; five, in six of the last 11 years; three, in five of the last 11 years; eight, in four of

the last 11 years; 10, in three of the past 11 years; nine, in two of the last 11 years; and seven have had only one increase.

Work Restrictions After Retirement

Sixteen retirement systems (24 percent) place no restrictions on the benefit paid if the member works after retirement. Fifty-one systems (75 percent) restrict the amount of money a member may earn following retirement if the member wishes to continue receiving a benefit payment. Seven systems report restrictions but do not indicate the nature of the restrictions. Nineteen systems allow a retiree to work as a substitute teacher and earn a varied dollar amount. Twenty-three systems allow a retiree to work as a substitute teacher for a varied amount of time during the year. Arizona places other restrictions on post-retirement employment. Louisiana did not respond.

Additional restrictions are placed on work following retirement in 31 systems. Fourteen systems limit public employment other than teaching, and one system limits public employment other than teaching and has other unspecified restrictions. Sixteen systems have other unspecified restrictions.

Administration

Sixty-five retirement systems are administered by retirement boards. Three systems do not have retirement boards (Alaska, Florida, District of Columbia).

The average number of retirement board members is nine. The board members of 43 systems (72 percent) are elected from the membership; 52 systems (76 percent) have appointed board members. Composition of the retirement board is specified by statute in 62 systems. Kansas; Des Moines, Iowa; and Duluth, Minnesota, statutes do not specify retirement board composition.

Retirement board members receive payment for their services in 25 systems (37 percent). Forty-three systems (63 percent) pay no fees to retirement board members.

Death Benefits Before Retirement

Death benefits are benefits payable to the survivors or beneficiaries of members who die before they retire. In 25 systems (37 percent) the death benefit consists only of the return of the member's contributions or the member's contributions plus interest. In 39 systems (57 percent) under certain conditions the death benefit consists of more than the return of the member's contributions plus interest. Four systems did not respond.

Sixteen systems (24 percent) require that the member must satisfy a specified service requirement before that member will be eligible for death benefits. The most common requirement is one year of creditable service; the range of required service is from three months to 20 years. Forty-nine systems (72 percent) have no such requirement.

If death occurs before the member retires, the cause of death affects death benefits in only six systems, as follows: In two, the member's death must be work-related; in two, the member's death must be accidental; and in two, the member's death must be both accidental and work-related.

The payment of death benefits is by lump sum in 30 systems (44 percent); by monthly payments in two systems (3 percent); and by lump sum and/or monthly payments, at the option of the survivor, in 32 systems (47 percent). Maryland provides payments in another unspecified manner. Three systems did not respond.

The amount of the death benefit is a fixed amount in five systems; a fixed amount and other amounts in one system; an amount equal to the member's total contribution plus interest in 17 systems; an amount equal to a specified number of months of salary, not to exceed a specified dollar amount, in four systems; an amount equal to the member's contributions plus interest and the employer's contributions in 12 systems; an amount affected by survivor benefits in six systems; and a fixed amount and an amount equal to the member's contributions plus interest and the employer's contributions in two systems.

One system specifies a fixed amount, the member's contributions plus interest, the employer's contributions, and an amount affected by survivor benefits. Seven systems specify an amount equal to the member's contributions plus interest and an amount affected by survivor benefits. Two systems specify an amount equal to the member's contributions plus interest, the employer's contributions, and other amounts. Two systems specify an amount equal to the member's contributions plus interest, the employer's contributions, and an

amount equal to 12 months of salary. Two systems specify other amounts.

Death Benefits After Retirement

Death benefits are also paid to the survivors and beneficiaries of retired members. Forty-nine systems provide death benefits for retired members. Payment is made as follows: Eight systems provide a fixed amount; two provide a fixed amount and an amount affected by survivor benefits; 28 provide an amount that is affected by survivor benefits; two provide an amount equal to the member's contribution plus interest, the employer's contribution, and an amount affected by survivor benefits; one provides an amount equal to a specific number of months of salary, not to exceed a specified dollar amount, and other benefits; four provide other benefits; and two provide an amount affected by survivor benefits. Nineteen systems did not respond.

In 63 systems survivor benefits are paid to the beneficiaries of members in monthly installments. One system does not provide monthly benefits to members' beneficiaries. Four systems did not respond.

Survivor Benefits

In 26 systems members qualify for survivor benefits immediately. Of the 42 systems with service qualifications for survivor benefits, 60 percent require up to five years of service; 21 percent, 10 to 15 years; 12 percent, 20 to 25 years; and 17 percent, 30 to 35 years.

The cause of death affects survivor benefits in 11 systems (16 percent), as follows: In six, the member's death must be work-related; in four, the death must be accidental; and in one, the death must be both work-related and accidental.

Thirty-six systems (53 percent) stipulate that the payment of a death benefit precludes payment of the survivor benefit. In 16 systems the election of a death benefit does not preclude survivor benefit payments. Sixteen systems did not respond.

Nine systems pay survivor benefits to the spouse only. In all other systems, survivor benefits are paid—in specific combinations—to spouse, dependent children, dependent parents, disabled children, and dependent brothers or sisters.

In 27 systems (30 percent) survivor benefits are paid to the widow or widower only until the remarriage of the survivor. Thirty-four systems (50 percent) do not restrict benefit payments upon remarriage of the survivor. Seven systems did not respond.

To be eligible for survivor benefits, the surviving spouse must have been married to the deceased member for from one to five years in 17 systems, as follows: Eight systems require a minimum of one year of marriage before the deceased member's death; two systems, two years; five systems, three years; and two systems, five years.

In 56 systems (82 percent) the spouse and any number of children are eligible for survivor benefits. Two systems provide benefits for a maximum of two children; five systems provide for a maximum of three children; three systems provide for a maximum of four children; and two systems provide for a maximum of five children to receive benefits.

Regarding the amount of survivor benefits payable to eligible beneficiaries, 45 systems responded as follows: Six systems pay minimum amounts; seven systems pay maximum amounts; three systems pay flat dollar amounts only, regardless of the number of dependents; one system pays a flat dollar amount and a percent of covered salary at death or final average salary, regardless of the number of dependents; two systems pay reduced survivor amounts if survivor payments come from other sources; 12 systems pay a percent of covered salary at death or final average salary, regardless of the number of dependents; four systems pay maximum amounts and a percent of covered salary at death or final average salary, regardless of the number of dependents.

Two systems have minimum and maximum amounts payable; two systems have minimum and maximum amounts payable and a percent of covered salary at death or final average salary, regardless of the number of dependents; one system reduces survivor amounts if survivor benefit payments come from other sources and pay a percent of covered salary at death or final average salary, regardless of the number of dependents; one system pays maximum amounts and a flat dollar amount only, regardless of the number of dependents; one system pays maximum amounts and reduces survivor amounts if survivor payments come from other sources; one system pays minimum and maximum amounts and a percent of covered salary at death or final average salary, regardless of the number of dependents; and two systems specify other amounts payable.

Ten retirement systems pay a flat dollar amount to a surviving spouse with one or more dependent children. Sixteen systems pay a flat dollar amount to five or more surviving dependent children if there is no surviving spouse. Seventeen systems pay a percent of covered salary at death or pay final average salary in applicable percentages for a surviving spouse with five or more dependent children. Twelve systems pay a percent of covered salary to five or more surviving dependent children if there is no surviving spouse. Nine systems pay a percent of covered salary to surviving dependent parents, disabled children, or dependent brothers or sisters if there are no surviving spouse or surviving dependent children.

Two systems place a three-month time limit on receiving applications for survivor benefits.

Sixty-five systems provide survivor benefit options to retiring members. One system (Puerto Rico) does not provide survivor options to retiring members; two systems do not indicate whether options are available.

Financing of System Benefits

The three sources of retirement system income are the members' contributions, the employer's contributions, and investment income.

Contributions of members are dictated by state statute or local ordinance. Members in thirty retirement systems contribute 5.5 percent or less of their gross salary. The percentage of members' contributions varies in eight systems; and members' contributions range from 5.6 percent to 9.5 percent in 30 systems. Interest is paid on members' contributions in 57 systems, and the paid compound interest ranges from 0.5 percent to 7.2 percent.

The employer's contribution is made by the state in 24 systems (35 percent); by the local school district in 25 systems (37 percent); and by the state and local school district in 15 systems (22 percent). In the 15 systems where both the state and the local school district contribute, five divide the contributed amount equally; in two, the state contributes the greater amount; in two, the local school district contributes the greater amount; and six do not indicate the contributed percentages. Four systems did not respond.

The employer matches the member's contribution in nine systems; the employer contributes a percent of the payroll in 22 systems; the employer contributes a lump sum amount in four systems; the employer contributes an actuarially determined amount in 25 systems; and five systems determine the employer's contribution in another manner.

The *accrued liability* of a retirement plan is the difference between the present value of future benefits and the present value of future normal costs. It is the accumulation of all past normal costs. As retirement systems are funded, regardless of utilized method, assets accumulate. The portion of the accrued liability not offset by assets is the unfunded accrued liability.

Sixty-one systems report unfunded liabilities ranging from $598,000 to $8,550,000,000. The average liability is $749,294,590. The unfunded liability in Kentucky approximates the mean. Eighteen systems have an unfunded liability for school employees only.

Retirement systems to which teachers belong are funded by various methods. *Reserve* or *advance funding* is an actuarial amount accumulated to meet specified liabilities. *Terminal* or *maturity funding* is a method of pension financing whereby the total cost requirement of the pension is provided at the date of retirement. *Pay-as-you-go* or *disbursement funding* is a method of financing whereby benefit payments are made from current retirement system income without advance funding or provision for actuarial reserves.

The basic funding method of financing in 54 systems (79 percent) is reserve funding. Two systems (3 percent) use terminal funding, and eight systems (12 percent) use pay-as-you-go funding. Four systems did not respond.

For the 57 systems that provide data, current assumption rates range from 3 percent to 7.5 percent. The average assumption rate is 6.8 percent.

In 13 retirement systems, administration is financed by state appropriations. Three systems finance administration costs by member assessment; 29 systems provide for administration costs through investment income and other system assets; and 21 systems use a different method of administration financing. Two systems did not respond.

Total retirement system assets range from $10,988,000 to $5,799,265,000. The average system has assets of $934,361,737. Missouri has system assets approximating the mean.

See Appendix A for an analysis of the patterns of employer contributions.

Investment Income

The third source of income available to a retirement system is income accrued when the contributions of the members and the employer are

invested according to statutory limitations and/or retirement board policy.

In 40 retirement systems the scope of investment is limited by statute. Retirement system holdings typically include common and preferred stock; corporate bonds; mortgages; real estate; federal, state, and local government securities; mutual funds; and cash on hand.

In 37 systems (54 percent) the percent of ownership in any single corporation is limited by statute. Twenty-eight systems (41 percent) have no limit on the percent of single corporation holdings. Three systems did not respond.

Thirty-eight systems include International Business Machines among their largest equity holdings; 13, EXXON; 14, American Telephone & Telegraph; and nine, General Electric.

Retirement system stock portfolios range from holdings of 0 to 25 stocks. Bond holdings of retirement systems range from 0 to 965.

In-house staff are responsible for investing retirement funds in 13 systems; a bank in two systems; the state treasurer or auditor, in three systems; and a specific combination of in-house, bank, state treasurer or auditor, and investment counseling firm, in all other systems.

In 1977 the average rate of return on the systems' investment portfolios was 7.4 percent. Investments are carried at cost in 26 systems (38 percent), at amortized cost in 22 systems (32 percent), at market value in three systems (4 percent), and at other costs in 13 systems (19 percent). Four systems did not respond.

Social Security Coverage

The members of 49 teacher retirement systems (72 percent) are also participants in the federal government's Social Security program. Of these 49 systems, mandatory statewide Social Security coverage is required in seven; a statewide election is required in 14 (with a simple majority mandating coverage of all teachers); individual selection on a statewide basis is required in eight; and Social Security coverage on a local, district, or city option basis is required in 16. Four systems did not indicate the basis for Social Security coverage for their members.

The members of 19 teacher retirement systems (28 percent) are not participants in the Social Security program.

Retirants and Benefits Paid

The responding teacher retirement systems report a total of 921,458 retirants. Of this, 481,511 represent retired teachers and 439,947 represent public employee retireees.

The number of retirants reported for 1976 ranged from 27 to 4,775. For the 65 reporting systems, the average number of retirants in 1976 was 1,429. Washington has approximately the mean number of retirees. Three systems did not respond.

The average yearly allowance for regular retirants ranged from $250 to $9,579. The average yearly allowance for regular retirants in the 45 reporting systems was $4,903.93. Kentucky approximates the mean yearly allowance. Twenty-three systems did not provide an average yearly allowance figure.

The average yearly allowance for disabilitants reported by 45 systems ranged from $1,459 to $8,760, with an average of $3,643. The disability allowance in Texas approximates the mean disability retirement allowance.

Thirty-three systems report that the average number of years of creditable service for those retiring with normal or regular service retirement is 25. Thirty-five systems did not respond.

Thirty-nine systems have other membership programs available, as follows: Nine provide tax-sheltered annuities; one offers life insurance; two offer health care plans (continuation for insurance and/or Health Maintenance Organizations); and 28 provide a combination of these programs.

Appendix A

PATTERNS OF EMPLOYER CONTRIBUTIONS

The following analysis of employers' contribution patterns of the 68 retirement systems to which teachers belong is based on information in response to Question 13-b-2 of the NEA 1977 Retirement System Provision Survey. The data from 50 state systems plus those in Puerto Rico and the District of Columbia are included in this study.

The amount of the employer's contribution to teacher retirement systems is calculated in four ways, with some exceptions. The breakdown in the following table indicates how the 52 systems determine the contribution amount.

	Method	Number of systems
1.	The employer matches the member's contribution . .	7
2.	The employer contributes a specific percent of the payroll	19
3.	The employer contributes a lump sum for the year . .	3
4.	The amount is actuarially determined as a percent of salaries	19
5.	Other	2
6.	No information submitted on this question	2
		52

Of the seven states where the employer matches the employee's contribution (Missouri, Nevada, North Dakota, South Dakota, Utah, West Virginia, Wyoming), only Nevada and Missouri are non-Social Security states.

The 19 states in which the employer's contribution is a fixed percent of payroll are listed below, and the percent amount is listed beside each system. Note that five of the states (Alaska, California, Colorado, Louisiana, Ohio) and Puerto Rico are non-Social Security systems.

Fixed Percent Payroll Contribution

State	Percent	State	Percent
Alaska*	13.4[a]	Montana	6.3
Arkansas	12.2	Nebraska	1.9
California*	8.0	New Hampshire	1.7
Colorado*	12.1	New Mexico	6.5
District of Columbia	20.0	North Carolina	9.1
Florida	9.0	Ohio*	13.5
Iowa	5.3	South Carolina	7.1
Louisiana*	8.0	Texas	7.5
Michigan	5.0	Puerto Rico*	8.5
Minnesota	7.0		

*Non-Social Security states

[a]6.7 percent paid by the state; 6.7 percent paid by the employer.

Three states appropriate a lump-sum amount to cover the employer's contribution. In 1976 Illinois appropriated $138,551,600; in 1977 Oklahoma appropriated $45,042,922; and in 1977 Washington appropriated $48,233,903.

Of the 19 systems in which the amount is actuarially determined, only Kentucky and Maine are non-Social Security states.

Actuarially Determined Payroll Contribution

State	Percent	State	Percent
Alabama	14.3	Maryland	5.7
Arizona	7.0	New Jersey	7.7
Delaware	11.6	New York	19.7
Georgia	9.1	Oregon	7.6
Hawaii	13.8	Pennsylvania	13.3
Idaho	7.3	Rhode Island	7.6
Kansas	7.3	Tennessee	14.9
Kentucky*	10.7	Vermont	5.5
Maine*	10.7	Wisconsin	6.9

*Non-Social Security states

The states of Connecticut and Indiana have ways of determining the employer's amount that do not fit the abovementioned procedures. Massachusetts and Mississippi did not respond to this question.

In Florida, Michigan, and New York, the employee's contribution to the retirement system is made by the employer. However, the F.I.C.A. (Federal Insurance Contribution Act) employee contribution to Social Security is made exclusively by employees. Although the law does permit employers to make the employee F.I.C.A. contribution, federal regulations make this completely impractical.

—Byron L. Spice
NEA Retirement Specialist

Appendix B

National Education Association
1201 Sixteenth Street, N.W., Washington, D.C. 20036

NEA Research

RETIREMENT SYSTEM PROVISION SURVEY - 1977

Name of Retirement System

Name [Name and address of respondent]

Address

City State Zip Code

Telephone, including area code

1. TYPE OF SYSTEM

(Please check the appropriate box)

1☐ Statewide teachers system
2☐ Statewide education employees system
3☐ Statewide public employees system
4☐ Local teachers system

Date system established ___ Month
___ Year

Statutory authorization:

2. MEMBERSHIP

a. What is the total membership of the system?

b. If the system includes more than teachers, insofar as possible give the following breakdown among the membership.

___ Vested contributing teacher members
___ Vested noncontributing teacher members
___ Non-vested contributing teacher members
___ Non-vested noncontributing teacher members
___ Retired teacher members
___ Total teacher members

c. Is there a separate system for college personnel?

1☐ Yes
2☐ No

3. CREDITABLE SERVICE

a. Is credit for service before the system was established available to members?

1☐ Yes
2☐ No

b. 1. If a member has terminated service and withdrawn contributions, can credit for those years withdrawn be repurchased if the member reenters active service?

1☐ Yes
2☐ No

2. If "Yes" is interest charged?

1☐ Yes
2☐ No

3. If interest is charged what is the rate?

___.___ percent per 1☐ Month 2☐ Year

c. 1. Is credit given for specific absences and/or leaves if the member pays member contributions for that time?

1☐ Yes
2☐ No

2. If "Yes" what is the maximum time allowable?

___ Months

d. Is military service creditable?

1☐ Yes
2☐ No

If the answer is "Yes" check all the conditions that apply.

1☐ Creditable only if employment is interrupted by military service
1☐ Credit available at no cost to member
1☐ Member pays for credit
1☐ Member and employer share cost of credit
1☐ Maximum number of years credit allowable ___
1☐ Time limitation after which member may not purchase credit ___ years
1☐ Allowable only if military service occurred during national emergency
1☐ Allowable only if prior to 1946
1☐ Allowable only if military service was not voluntary
1☐ Number of years of creditable service required
1☐ Credit is free to member if employment is interrupted by military service
1☐ Credit is not free to member if military service precedes employment in school system
1☐ Other (explain)

3. CREDITABLE SERVICE (Continued)

e. Is credit available for in-state employment other than teaching?

1☐ Yes
2☐ No

If "Yes" check all that apply.

1☐ State public employees service
1☐ Local or municipal public employees service
1☐ Other

f. Is out-of-state teaching service creditable?

1☐ Yes
2☐ No

If "Yes" check all that apply.

1☐ Available only with the states that reciprocate
1☐ Available from all states, territories and U.S. possessions
1☐ Out-of-state credit may not exceed in-state creditable service
1☐ Out-of-state credit may be used for service retirement but not used in benefit formula computation
1☐ Other

g. Is credit available for out-of-state employment other than teaching?

1☐ Yes
2☐ No

If "Yes" check all that apply.

1☐ State public employees service
1☐ Local or municipal public employees service
1☐ Other

h. How much out-of-state credit can be purchased?

└┴┘ Years

i. The amount the member must pay is:

1☐ Based on member salary, plus interest
2☐ Based on member share, employer share, plus interest
3☐ None - employer pays total cost

j. The amount the member must pay is based on member salary:

1☐ At entrance date
2☐ At the date of purchase
3☐ At retirement
4☐ Other

k. Is credit allowed for overseas dependent schools?

1☐ Yes
2☐ No

4. WITHDRAWALS AND REFUNDS

a. How are refunds made?

1☐ Refund of member contributions only
2☐ Refund of member's contributions, plus └┴┘.└┘% interest
3☐ No refund granted
4☐ Other

b. Is there a service charge on refunds?

1☐ Yes
2☐ No

If "Yes" please indicate.

└┴┘.└┘ percent

$└┴┴┘ flate fee

☐ Other

4. WITHDRAWALS AND REFUNDS (Continued)

c. Under what circumstances may a member repurchase withdrawn credits?

1☐ Member may not repurchase withdrawn credits
2☐ Member repays amount withdrawn only
3☐ Member repays amount withdrawn, plus interest at └┴┘.└┘% rate

1☐ Simple
2☐ Compound

1☐ Member repays amount withdrawn, and other amounts

d. What is the method of repayment?

1☐ Lump sum at time or repurchase
2☐ Specific timeframe
3☐ Prior to retirement only
4☐ Other

e. Can members borrow from the fund?

1☐ Yes
2☐ No

5. VESTING AND DEFERRED ALLOWANCES

a. After how many years creditable service does vesting occur?

└┴┘ Years at any age
└┴┘ Years at age └┴┘

b. At what age are deferred allowances payable to vested members? └┴┘ Age

c. Under what condition(s) is creditable service allowed for deferred allowances? (Check all that apply)

1☐ Approved leave
1☐ Membership service credit
1☐ Military service
1☐ Other

6. RETIREMENT REQUIREMENTS AND BENEFIT FORMULAS

a. The normal retirement age and service requirements are as follows: (List the options that apply)

Age	With years of creditable service
└┴┘	└┴┘
└┴┘	└┴┘
└┴┘	└┴┘
└┴┘	└┴┘

b. Final average salary as used in your retirement system is defined as:

1☐ Highest consecutive └┴┘ years
2☐ Highest └┴┘ years in the last └┴┘ years
3☐ Highest └┴┘ years not consecutive
4☐ Highest └┴┘ years not to exceed $└┴┴┴┴┴┘
5☐ Career average
6☐ Other

c. The benefit formula for teacher retiring at this time is:

1☐ Final average salary formula:

Formula└┴┴┴┴┴

6. RETIREMENT REQUIREMENTS AND BENEFIT FORMULAS (Continued)

1☐ The alternative formula is [ ]
[ ]
[ ]
[ ]
[ ]
[ ]

1☐ Money purchase
1☐ Variable annuity

d. Is there a maximum retirement benefit payable? (Please indicate)

1☐ None
1☐ Percent of the final average salary
1☐ Maximum years of service
1☐ Percent of the combined social security and retirement benefit
1☐ Other

e. The age and service requirements for early retirement are as follows: (List the options that apply)

Age	With years of creditable service
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

f. Is the benefit formula for early retirement the same as the normal retirement formula?

1☐ Yes
2☐ No

If "No" complete the following:

1☐ Actuarial reduction is based on age at retirement
1☐ Percent per month reduction for each month under normal retirement age
1☐ No reduction if retirant has [ ] years of service
1☐ Other reduction

7. DISABILITY BENEFITS

a. Is permanent disability benefit available to members?

1☐ Yes
2☐ No

If "Yes" complete the following

1☐ After [ ] years service
2☐ Available to members below age [ ] with [ ] years service
3☐ Above age [ ] with [ ] years service

b. Who determines disability.

1☐ The retirement board
2☐ Medical staff
3☐ Doctor outside staff
4☐ Other (explain) [ ]
[ ]
[ ]
[ ]

c. Are disability benefits paid by insurance?

1☐ Yes
2☐ No

7. DISABILITY BENEFITS (Continued)

d. What is the benefit amount or formula?

1☐ Normal retirement benefit formula used without a ceiling or floor
2☐ Normal retirement benefit formula used with a ceiling or floor on the amount payable
3☐ Fixed dollar amount
4☐ Other

e. If a member is under age [ ] a disability payment is made which is equal to a service retirement based on wages at disability but allowing for creditable service the member would have accumulated by attaining age [ ]

f. The amount payable is integrated with: (Check all that apply)

1☐ Social security
1☐ Insurance
1☐ State funds
1☐ Not integrated
1☐ Other

g. Is a special provision available for service connected disability?

1☐ Yes
2☐ No

If "Yes" complete the following:

1. How many years of service are required? [ ]
2. Is the payment based on a percent of salary at time of disability?

1☐ Yes, [ ] . [ ] percent
2☐ Other special provision

h. Is a special provision available for temporary disability?

1☐ Yes
2☐ No

1. Does the benefit for temporary disability provide a benefit which is:

1☐ Equal to a permanent disability benefit
2☐ Greater than a permanent disability benefit
3☐ Less than a permanent disability benefit
4☐ Nondeterminable

2. What is the time limit a temporary disability payment is payable?

1☐ Number [ ] of months
2☐ Other (explain) [ ]
[ ]
[ ]
[ ]
[ ]
[ ]

i. Are automatic cost-of-living increases available to members on disability?

1☐ Yes
2☐ No

7. DISABILITY BENEFITS (Continued)

j. What was the number of applicants for disability retirement during the past ten years and how many were granted a disability payment during the same period?

	Applications for disability during year	Disability claims granted during year
1967	[_][_][_][_]	[_][_][_][_]
1968	[_][_][_][_]	[_][_][_][_]
1969	[_][_][_][_]	[_][_][_][_]
1970	[_][_][_][_]	[_][_][_][_]
1971	[_][_][_][_]	[_][_][_][_]
1972	[_][_][_][_]	[_][_][_][_]
1973	[_][_][_][_]	[_][_][_][_]
1974	[_][_][_][_]	[_][_][_][_]
1975	[_][_][_][_]	[_][_][_][_]
1976	[_][_][_][_]	[_][_][_][_]
1977	[_][_][_][_]	[_][_][_][_]

8. COMPULSORY RETIREMENT

(Check all that apply)

1☐ Required by law at age [_][_]
1☐ Not required by law at a state level
1☐ Local employer option
1☐ Local employer option after a specified age with an age ceiling
1☐ Local employer option on a year-to-year contract basis
1☐ Other special provision available for special classes of employees

9. POST-RETIREMENT ADJUSTMENT

a. Automatic increases (check the answer that applies and fill in the required information)

1☐ A flat or fixed percent of [_][_].[_] is added to the base benefit each year and is not dependent on any other yardstick or condition
2☐ A flat or fixed percent of [_][_].[_] is added to the base benefit if the CPI increases an amount equal to or greater than the flat or fixed percent adjustment
3☐ A percent equal to the increase in the CPI
4☐ A fixed amount per year of $[_][_][_][_][_]
5☐ A fixed percent of [_][_].[_] payable in time-frames exceeding one year

b. Ad hoc increases, 1967-1977 (check the years where increases were given)

1☐ 1967
1☐ 1968
1☐ 1969
1☐ 1970
1☐ 1971
1☐ 1972
1☐ 1973
1☐ 1974
1☐ 1975
1☐ 1976
1☐ 1977

10. WORK RESTRICTION AFTER RETIREMENT

a. Are there restrictions on the amount a retiree may earn per year?

1☐ Yes
2☐ No

If "Yes" complete the following:

1☐ A retired teacher may earn as a substitute teacher under covered employment an amount equal to $[_][_][_][_][_]
2☐ A retired teacher may earn as a substitute teacher under covered employment an amount not to exceed the final average salary
3☐ A retired teacher may work only [_][_][_] days or [_][_][_][_] hours as a substitute teacher under covered employment

10. WORK RESTRICTION AFTER RETIREMENT (Continued)

b. What other restrictions are applicable?

1☐ Within states, public employment other than teaching is limited
1☐ Private employment is limited by dollar amounts
1☐ Out-of-state employment is limited by dollar amounts
1☐ Other

11. DEATH BENEFITS

a. Does the death benefit consist only of a return of member contributions or contributions plus interest?

1☐ Yes
2☐ No

b. Death benefits prior to retirement

1. Is there a service (time) requirement before death benefits will be paid?

1☐ Yes
2☐ No

If "Yes" how many months? [_][_]

2. Does cause of death affect death benefits?

1☐ Yes
2☐ No

If "Yes" 1☐ Work related
2☐ Accidental death

3. Death benefits—method of payment

1☐ Lump sum only
2☐ Monthly payment only
3☐ Lump sum and/or monthly payment at option of survivor

4. Death benefits—amounts

1☐ Fixed amount
1☐ Amount equal to total member contributions, plus interest
1☐ Amount equal to [_][_][_] months' salary not to exceed $[_][_][_][_][_]
1☐ Amount equal to member contribution, plus interest, plus employer contributions
1☐ Amount affected by survivor benefits

c. Death benefits for retired members

1☐ Fixed amount
1☐ Amount equal to[_][_][_] months' salary not to exceed $[_][_][_][_][_]
1☐ Amount equal to member contribution, plus interest, plus employer contributions
1☐ Amount affected by survivor benefits

12. SURVIVOR BENEFITS

a. Are survivor benefits payable in monthly payments to beneficiaries of members?

1☐ Yes
2☐ No

b. Survivor benefits for active members

1. In order to qualify for survivor benefits a member must have:

[_][_] years of service or
[_][_] years of service and age [_][_]

2. Does cause of death affect survivor benefits?

1☐ Yes
2☐ No

12. **SURVIVOR BENEFITS (Continued)**

If "Yes" complete the following:

1☐ Work related
1☐ Accidental

3. If an eligible beneficiary or a deceased member elects the death benefit, does this preclude payment of the survivor benefit?

1☐ Yes
2☐ No

4. Survivor benefits are payable to: (check all that apply)

1☐ Spouse
1☐ Dependent widow only
1☐ Dependent widower
1☐ Dependent children to [_][_] or if full-time student to age [_][_]
1☐ Dependent parents
1☐ Disabled child with no age restriction
1☐ Dependent brother or sister
1☐ Other

5. Are benefits payable to widow/widower only until remarriage?

1☐ Yes
2☐ No

6. A deceased member must have been remarried for [_][_] years before the spouse is eligible for a survival benefit

7. The spouse plus a maximum of [_][_] children are eligible to receive benefits

8. Amount of payment to eligible beneficiaries (check all that apply)

1☐ Minimum amounts are payable
1☐ Maximum amounts are payable
1☐ Flat dollar amounts only regardless of dependents
1☐ Survivor amounts are reduced because of survivor payments from other sources
1☐ Percent of covered salary at death or final average salary regardless of dependents

1☐ Flat dollar amount for:

$[_][_][_][_][_] spouse and
$[_][_][_][_][_] one child
$[_][_][_][_][_] two children
$[_][_][_][_][_] three children
$[_][_][_][_][_] four children
$[_][_][_][_][_] five or more children

1☐ Flat dollar amount if no living spouse for:

$[_][_][_][_][_] one child
$[_][_][_][_][_] two children
$[_][_][_][_][_] three children
$[_][_][_][_][_] four children
$[_][_][_][_][_] five or more children

1☐ Flat dollar amount if no living spouse or dependent children for:

$[_][_][_][_][_] one dependent parent
$[_][_][_][_][_] two dependent parents
$[_][_][_][_][_] a disabled child or
$[_][_][_][_][_] dependent brother or sister

12. **SURVIVOR BENEFITS (Continued)**

1☐ Percent of covered salary at death or final average salary payable in the following applicable percents for:

[_][_].[_] spouse and
[_][_].[_] one child
[_][_].[_] two children
[_][_].[_] three children
[_][_].[_] four children
[_][_].[_] five or more children

1☐ Percent of covered salary if no living spouse for:

[_][_].[_] one child
[_][_].[_] two children
[_][_].[_] three children
[_][_].[_] four children
[_][_].[_] five or more children

1☐ Percent payable if no living spouse or dependent children for:

[_][_].[_] one dependent parent
[_][_].[_] two dependent parents
[_][_].[_] a disabled child or
[_][_].[_] dependent brother or sister

9. There is a time limit on receiving applications for survivor benefits of [_][_][_] months.

10. Does remarriage of an eligible surviving spouse cause a termination of payments?

1☐ Yes
2☐ No

c. Survivor benefits for retired members

1. Are survivor options available to retiring members?

1☐ Yes
2☐ No

2. If "Yes" do these options differ from options available to beneficiaries of active members?

1☐ Yes
2☐ No

If the answer to question "2" is "Yes" check the following that apply.

1☐ Joint survivor full benefit
1☐ Joint survivor one-half benefit
1☐ Joint survivor varied options less than full or one-half
1☐ Period certain
1☐ Other

13. **FINANCING (Check all that apply)**

1. 1☐ Members do not contribute to the system
1☐ Members contribute [_][_].[_] percent of all earned income from public employment
1☐ Members contribute [_][_].[_] percent of teaching salary only
1☐ Members contribute [_][_].[_] percent of the first $[_][_][_][_][_] of income and [_][_].[_] percent of the remaining salary
1☐ Members did not contribute to the system but as of [_][_] month [_][_] year members contribute
1☐ Members' contribution rate varies with sex or age at time of enrollment
1☐ Member may purchase additional annuity
  1☐ Simple
  2☐ Compound
1☐ Member can make supplemental contributions to purchase survivor insurance

13. FINANCING (Continued)

1☐ Members with social security contribute [ ][ ].[ ] percent of salary and members without social security contribute [ ][ ].[ ] percent of salary
1☐ Members have had the option of contributing [ ][ ].[ ] percent of $[ ][ ][ ][ ][ ] or [ ][ ].[ ] percent of total salary
1☐ Members contribute [ ][ ].[ ] percent of salary up to the ceiling of $[ ][ ][ ][ ]
1☐ Other (please specify) [ ][ ][ ][ ][ ][ ][ ]

[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

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[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

2. Is interest paid on member contributions?

1☐ Yes
2☐ No

If "Yes" what percent?

[ ][ ].[ ] percent
1☐ simple
2☐ compound

b. Employer contributions (for school employees)

1. The employer contributions are made by–

1☐ The state only
2☐ The local school district only
3☐ The state and local district
State [ ][ ].[ ] percent
Local [ ][ ].[ ] percent

2. The amount of contributions is:

1☐ the employer matches member contributions
2☐ The employer contributes [ ][ ].[ ] percent of the payroll
3☐ The employer contributes a lump sum which was [ ][ ][ ][ ][ ][ ][ ] in [ ][ ][ ][ ] year
4☐ Amount is actuarially determined and was [ ][ ].[ ] percent of salaries in 19[ ][ ]
5☐ Other

3 (a) The unfunded liability is approximately
$[ ][ ][ ][ ][ ][ ][ ],000.

(b) The unfunded liability is: (please indicate)

1☐ for school employees only
2☐ for all employees covered under the system

4. The basic method of financing is–

1☐ Reserve financing
2☐ Terminal financing
3☐ Pay as you go

5. The current interest assumption rate is
[ ][ ].[ ] percent

6. The administration of the system is financed by

1☐ State appropriation (any monies from state fund)
2☐ Member assessment
3☐ Investment income or other system assets
4☐ Other [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

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[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

14. INVESTMENTS

a. Total assets of the system as of 197[ ] are
[ ][ ][ ][ ][ ][ ][ ],000.

b. Investments–statutory limitations

[ ][ ].[ ]% U.S. government securities
[ ][ ].[ ]% State and local government securities
[ ][ ].[ ]% Common and preferred stock
[ ][ ].[ ]% Corporate bonds
[ ][ ].[ ]% Mortgages
[ ][ ].[ ]% Real estate
[ ][ ].[ ]% Personal member loans
[ ][ ].[ ]% Mutual funds

c. System holdings

[ ][ ].[ ]% Cash on hand
[ ][ ].[ ]% U.S. government securities
[ ][ ].[ ]% Common and preferred stock
[ ][ ].[ ]% Corporate bonds
[ ][ ].[ ]% Mortgages
[ ][ ].[ ]% Real estate
[ ][ ].[ ]% Member loans
[ ][ ].[ ]% Other securities
[ ][ ].[ ]% Mutual funds

d. Is there a limit on the percent ownership in any single corporation of the portfolio?

1☐ Yes
2☐ No

If "Yes" please indicate what percent of the fund may be invested in a:

1☐ Single corporation [ ][ ].[ ]
1☐ Single industry [ ][ ].[ ]

e. What are the largest equity holdings of the system?

1. Stocks (company name as it appears on the Stock Exchange)

a. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]
b. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]
c. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

2. How many different stocks in your portfolio?

[ ][ ]

3. How many different bonds in your portfolio?

[ ][ ]

f. Who is responsible for investing the funds of the system?

1☐ In-house staff
1☐ Bank
1☐ State treasurer or auditor
1☐ Other
1☐ Investment counseling firm(s)

	Name	Discretionary	Advisory
a.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐
b.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐
c.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐
d.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐
e.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐
f.	[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]	1☐	2☐

14. INVESTMENTS (Continued)

g. What was the rate of return of the investment portfolio for the past year?

[| | | |] Amortized yield of the fixed income portfolio as of [| |] month [| | | |] year
[| | | |] Annualized return for dividends paid for most recent quarter
[| | | |] Total rate of return

h. How are investments carried on your books?

1☐ At cost
2☐ At amortized cost
3☐ Market value
4☐ Other [| | | | | | | | | | | | | | |]

[| | | | | | | | | | | | | | |]

[| | | | | | | | | | | | | | |]

[| | | | | | | | | | | | | | |]

[| | | | | | | | | | | | | | |]

15. ADMINISTRATION

a. Is the system administered by a board?

1☐ Yes
2☐ No

1. There are [| |] board members and [| |] ex-officio members

2. Number of elected board members

[| |] Teachers
[| |] Other public employees
[| |] General public
[| |] Retired members
[| |] Other (Please specify)
a. [| | | | | | | | | | | | | | |]

b. [| | | | | | | | | | | | | | |]

3. Number of board members appointed.

[| |] Teachers
[| |] Other public employees
[| |] General public
[| |] Retired members
[| |] Elected/appointed officials
[| |] Other (Please specify)
a. [| | | | | | | | | | | | | | |]

b. [| | | | | | | | | | | | | | |]

4. 4. Do the statutes specify board compositions?

1☐ Yes
2☐ No

If "Yes" indicate who is represented:

1☐ Teachers
1☐ Other public employees
1☐ Attorney General
1☐ Treasurer
1☐ Auditor
1☐ Superintendent of Public Instruction
1☐ Other (Please specify)

a. [| | | | | | | | | | | | | | |]

b. [| | | | | | | | | | | | | | |]

c. [| | | | | | | | | | | | | | |]

15. ADMINISTRATION (Continued)

5. Are some or all members of the board paid a fee for their services in addition to expenses?

1☐ Yes
2☐ No

If "Yes", how are they paid?

1☐ Receive $[| | | | |] per meeting
2☐ Receive $[| | | | |] per month
3☐ Receive $[| | | | |] per year

16. SOCIAL SECURITY

a. Is social security coverage available to members of the system?

1☐ Yes
2☐ No

If "Yes" answer the following:

1. Social security was adopted effective [| |] month [| | | |] year on:

1☐ A districtwide basis
2☐ An individual selection basis but statewide
3☐ A statewide election with a majority forcing coverage of all teachers
4☐ Other (Please specify)

[| | | | | | | | | | | | | | |]

[| | | | | | | | | | | | | | |]

17. RETIRANT AND BENEFITS PAID

a. The total number of retirants as of the year 19[| |] is [| | | | | |]

(Please check)

1☐ Teachers only
2☐ All public employees

b. The number of retirants for the last year was

[| | | | |]

c. The average yearly allowance for regular retirants was $[| | | | | |]

d. The average yearly allowance for disabilitants was $[| | | | | |]

e. What is the average number of years of creditable service for those retiring with normal service retirement? [| |]

f. Years of creditable service for those retiring in 1977

Years of service	Number of retirants
0–5	[				]
6–10	[				]
11–15	[				]
16–20	[				]
21–25	[				]
26–30	[				]
31–35	[				]
36–40	[				]
Over 40	[				]

18. OTHER PROGRAMS

a. Programs are available in the following categories:

	(Check in this column if administered by the retirement system)
☐ Tax-sheltered annuities	☐
☐ Salary deferral plans	☐
☐ Insurance (life insurance)	☐
☐ Health care plans (continuation for insurance or HMO's)	☐

19. ACTUARIAL FIRM

Name _____

_____

Address _____

City _____ State _____ Zip Code _____